



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Friday, Nov. 14, 2003

## Grassley Asks President to Drop Steel Safeguard Tariffs

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today asked President Bush to eliminate the steel safeguard tariffs, saying the elimination would help to jumpstart the economic recovery of U.S. manufacturing and revitalize the global competitiveness of steel-consuming businesses in Iowa and across the United States.

The text of Grassley's letter to the President follows.

November 14, 2003

The Honorable George W. Bush  
President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President:

I am writing to express my concerns, and the concerns of many Iowa businesses and workers, regarding the steel safeguard tariffs that have been in place since March 2002.

When you announced the decision to impose steel safeguard tariffs, you stated that the purpose of the tariffs was to provide temporary help to our steel industry so that the industry could restructure, thus ensuring its long-term competitiveness. Recently, the U.S. International Trade Commission (ITC) completed its statutory midterm review of the steel safeguard tariffs. The ITC's review makes clear that the steel industry in the United States has indeed experienced a significant restructuring. In addition, the United Steelworkers of America have negotiated groundbreaking collective bargaining agreements with several U.S. producers. Those agreements are expected to serve as the basis for future labor agreements with other U.S. producers. Separately, the Pension Benefit Guaranty Corporation has assumed a substantial portion of the U.S. steel industry's pension obligations. Taken together, these actions help to ensure the long-term competitiveness of steel producers in the United States.

The purpose of the steel safeguard tariffs has therefore been met, but this has come at a heavy cost. The ITC estimates that the steel safeguard tariffs have already cost U.S. businesses and workers over \$680 million since their imposition. Critically, the brunt of that cost has fallen on the shoulders of the motor vehicle parts and steel fabrication industries. These businesses and their workers are already experiencing economic challenges, as reflected by the downturn in employment within U.S. manufacturing in general. We shouldn't add to those challenges needlessly. I have heard personally from a number of Iowa manufacturers that have been hurt by the steel safeguard tariffs, and I attach letters they have written to me. These businesses employ thousands of Iowans. Their survival is key to maintaining the fabric of the communities in which they operate. My constituents inform me that they have incurred significantly increased raw materials costs by virtue of the steel safeguard tariffs, and yet have been unable to recoup these extra costs due to the increasingly globalized nature of competition in their industries. The same is true for steel consuming businesses across the United States. In short, continuation of the steel safeguard tariffs jeopardizes the future prosperity and survival of these vital members of our economy.

Mr. President, under your leadership we have taken important steps to ensure the revitalization, strength, and competitiveness of the U.S. steel industry. I call on that sense of leadership now to ensure the revitalization, strength, and competitiveness of U.S. manufacturing firms that consume steel. To continue the steel safeguard tariffs now will only serve to threaten the viability of the customer base that the revitalized U.S. steel industry seeks to service. The substantial declines in employment within U.S. manufacturing constitute changed economic circumstances under which the steel safeguard tariffs will no longer be effective in helping to ensure the long-term competitiveness of the U.S. steel industry. Rather, they will undermine that very goal, and the future economic and social costs of the steel safeguard tariffs will far outweigh the benefits. On the other hand, elimination of the steel safeguard tariffs will help to jumpstart the economic recovery of our manufacturing sector and revitalize the global competitiveness of our steel consuming businesses in Iowa and across the United States.

There does remain an important role for our government to assist the U.S. steel industry. That is, to redouble our efforts to achieve successful conclusions to the ongoing negotiations on global steel overcapacity and steel subsidies being conducted under the auspices of the Organization for Economic Cooperation and Development. The long-term competitiveness of our steel industry will not be completely secured until inefficient and excess global capacity is eliminated and disciplines are imposed on the provision of government subsidies to steel producers. We need comprehensive and enforceable agreements that address these underlying problems facing a globalized steel industry. Such agreements will go a long way toward enhancing the prosperity of our own steel producers here in the United States.

Thank you for considering my concerns and those of my constituents as you determine the appropriate course of action to take with respect to the steel safeguard tariffs.

Sincerely,

Charles E. Grassley

Chairman

Attachments

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